

# Using Strategic Planning to Improve Decision-Making

Novosibirsk, Russia

## Background

Local institutions in Russia, including those in the municipal housing sector, were formed in a centrally planned economy and must be reoriented to perform successfully in a market environment. Without central plans, however, municipal officials are unsure how to address local issues in a rational way. In early 1994 the City of Novosibirsk (population 1.5 million) found that it was being given increasing responsibility for housing, while financial resources available to the municipal housing sector were shrinking. Municipal housing officials had to find new ways to halt deterioration of the existing housing stock and provide housing services, utilities, and infrastructure more efficiently. They wanted to establish a flexible local policy and decision-making process, recognizing that local government must carry out its mission in a context that it cannot always control and in which it must compete for limited resources.

## Innovation

In 1994 the office of the Mayor of Novosibirsk obtained training and technical assistance in strategic planning for all department chiefs with a role in municipal housing. The strategic planning process involved developing alternative scenarios for the environment within which the city's housing departments would have to operate; this developed the participants' ongoing ability to anticipate emerging obstacles and opportunities. The cost of the training effort was \$80,000.

Over a five-month period, the officials who had received training formed the Municipal Housing Sector Leadership Group and assessed Novosibirsk's strengths, weaknesses, opportunities, and challenges using the strategic planning method. The Institute of Economics of the Siberian Branch of the Russian Academy of Sciences developed alternate scenarios for the development of the city's economy. The Leadership Group used these scenarios to prepare a four-year strategy to speed establishment of financial, legal, and operating systems that would enable Novosibirsk residents to achieve quality housing. The Leadership Group also prepared a specific action plan to focus the city's housing efforts and resources over the following twelve months.

## Results

Through the strategic planning process, housing officials were able to reach consensus on rational, achievable goals and objectives, although these were not adopted by the Mayor due to changes in the city government. Several participating officials reported that they have used strategic planning as a decision-making method within their departments. As a result of strategic planning, the city developed policies on auctioning land, increasing municipal housing rents, encouraging developers to complete unfinished buildings, promoting condominium formation, and encouraging installation of individual heat and hot water boilers in new buildings. The city's budget reflects increases in income and reductions in expenses related to implementation of these policies. However, lack of political support prevented housing officials from implementing many programs that were discussed in the strategic planning exercise.

## Summary

To halt deterioration of the housing stock and improve the efficiency of housing service provision, local housing officials in the City of Novosibirsk participated in a strategic planning exercise. The process has resulted in the formation of new housing-related policies that have increased income and decreased expenses in the local budget.

For more information contact:

**Nina Stankus, Director,  
Novosibirsk Center for the  
Support of Housing Sector  
Reform  
Tel./Fax 7-3832-23-87-81**

**Victor Timenov, Chairman,  
Novosibirsk Land Resources  
Committee  
Tel. 7-3832-22-20-69**